

EXECUTIVE DIRECTOR'S MONTHLY REPORT

OCTOBER 2004

Each month I establish, with input from the Directors, the priority issues on which management and the staff focus. This report summarizes the work that was accomplished during the month as well as other items I feel will give the Council a better understanding of what the staff and I are doing to accomplish our performance objectives.

I. Improve the efficiency and accountability of management within the organization

- The annual, external audit, conducted by KPMG has begun. The field work was completed in September and will be reported to the Audit Committee in October and the RC in November. Finance staff have provided the auditors with all requested information in accordance with the audit schedule.
- The budget staff has completed an analysis of expenditures through August and report there are no significant issues.

II. Provide support to the Regional Council in providing direction and Leadership to SCAG

- On September 8-10 I participated in the Regional Plan Association's Round Table Discussion on the Federal Role in Metropolitan Development at the Rockerfeller Bros. Fund Pocantico Conference Center in Tarrytown, New York. The forum which included national foundations, researchers and several practitioners, federal and regional, reviewed a proposed approach to develop a National Growth and Infrastructure Strategy that relies on a regional bottom-up process. The session concluded that the approach should be refined and a national strategy brought forward by 2007.
- On September 11-14 I attended the 4th Annual Metropolitan Regions Forum at the Center for Architecture in New York City. The national strategy developed at Pocantico was presented by Bob Yaro from New York and myself to the Annual Metro Meeting. My colleagues agreed to participate in developing the bottom-up strategy. Included in the strategy would be a proposed new role for the federal government in the national transportation policy, now that the National Interstate System is just about finished.
- On September 15th I met with Supervisor Yvonne Burke to brief her on the RTIP/Conformity issue and Roger Snoble of MTA. We reviewed the proposal that would be brought forward to the MTA Board on September 23rd and also reviewed how SCAG, the MTA, and other Commissions would be working together to get this years' RTIP approved by the federal government, and how we would work together to continue to help our program in conformity.
- On September 16th I and Hasan Ikhata met with the San Gabriel Valley COG regarding the Gold Line Extension and alternative financing mechanisms. We discussed how the Compass Demonstration Program involving the cities along the corridor could create opportunities for financial support for the project.

- On September 17th I participated in a roundtable discussion hosted by Attorney General Bill Lockyer. Other participants included Ted Gaebler and Bill Fulton. The purpose of the Forum was to discuss the growth issues facing the State and the policy initiatives that should be explored.
- On September 23rd I was the keynote speaker for the CLOUT meeting at the Ontario Marriott. I spoke on Destination 2030 and SCAG's current initiatives. CLOUT is comprised of local elected officials from the eastern part of LA County (Pomona, Claremont area) and the western part of San Bernardino County and executive management from public agencies. I presented our Compass Vision for the region.
- On September 24th I and Steve Hemminger, Executive Director of MTC, Pat Mason, President of California Foundation for the Economy and the Environment, met with Bill Hauck, President of the California Business Roundtable and Co-Chair of the California Performance Review. The subject of the meeting was the transportation financing recommendation in the report.
- On September 27th Secretary of Business, Transportation, and Housing, Sunne McPeak, met with the Transportation Commission CEOs, David Solow, Metrolink, and myself to review the Bay Bridge funding problem. We collectively stated that the Bay Area needed to address their problem and that the State should work with the regions and provide the financial tools to enable the Bay Area to solve the bridge shortfall and our region to solve the goods movement and air quality issues.
- On September 30th I participated as a panelist at the Conejo/Las Virgenes Future Foundation's Conference on "Financing Our Region's Future" that was held at the Scherr Forum of the Thousand Oaks Civic Arts Plaza. I presented the financing strategies in the RTP and concepts from the class I teach at USC on Intergovernmental Finance.
- On October 2nd Jim Young, the new President and Chief Operating Officer of the Union Pacific Railroad hosted a lunch for the goods movement community in the region. He described Union Pacific's programs to deal with capacity, air quality, and future financing partnerships.

III. SCAG Operations

- Contracts. Eleven Subregions have signed their Continuing Cooperative Agreements (CCAs) for FY 2004 – 2005. Two are still waiting for signature, and two didn't require contracts.

Federal Transit Administration (FTA) requested a special one time Disadvantage Business Enterprise report. This report was intended to verify that those DBE firms we do business with or we intend to do business with, meets the regulatory requirements of 49 CFR under SCAG's DBE Program. This report was sent to FTA on September 14, 2004.

SCAG recently participated in a vendor outreach program organized by OCTA. We were able to collect information from several qualified vendors and consultants including DBE firms.

- Classification/Compensation Study. Best Practices recommendations for HR includes periodic review of all classifications and an annual salary survey. HR is starting the review with the Administrative Series of the system to update the classifications and benchmark total compensation against the marketplace. The study is expected to be completed in mid-December. Following the Administrative Series review, HR will begin the next series as prioritized by Executive Management.

IV. Implement Adopted Regional Plans

- Maglev Deployment. HSGTA Conference - SCAG management and staff made a presentation on SCAG's Maglev program at a recent High Speed Ground Transportation Association Conference in Washington, DC.
- COMPASS. As part of the Compass Implementation Program, I met with a representative of Fannie Mae to discuss the development of a mixed-use pilot program. Several potential sites on publicly owned property were discussed. The idea would be to do a market analysis utilizing infill evaluation approaches such as the LOTS web based tools and "tipping point" pro forma analysis developed through SCAG's Inter-regional Partnership Program. This market-based analysis would be used to see what the site and the community could absorb given different project mixes.
- Growth Forecast. LA Times discussed the implications of new lower population projections (in particular, lower fertility rates) of California Department of Finance (DOF) on the future lower school enrollments in October 4th, 2004. As LA Times reported, fertility rates of Hispanic groups rapidly declined during the 1990s. These declining patterns of Hispanic fertility rates are already incorporated in the SCAG's population growth forecasts.

The new DOF population projections were actually released in May 19th, 2004. Staff analyzed the methodology and assumptions of developing CA DOF population projections in May 2004. Staff compared DOF population projections with SCAG population growth forecasts. Staff reported the analysis to CEHD in September 2nd, 2004.

The Housing Element Compliance and Building Permit Issuance Report – September 2004 Update has been completed. The report shows that Housing Elements in 73 percent of the cities and counties in the SCAG region are in compliance with the State housing law. Also, the report notes that as of June 30th, 87 percent of the way through the current RHNA planning cycle, the region as a whole has achieved 93 percent of the total RHNA housing construction need based on total building permits issued.

- Regional Economic Analysis. On-line registration is available for SCAG's 8th Annual Regional Economic Forecast Conference scheduled for November 18th at Disney Concert Hall. Save-the-date notices were sent out, and RC members are encouraged to attend free of registration charge. The conference program is finalized; the keynote speaker will be Sunne Wright McPeak, Secretary, Business, Transportation and Housing Agency, State of California.

Staff recently visited several agencies in Imperial County for the "Subregional Economic Strategies" project. The project is intended to develop a better understanding of the economic potential of Imperial County. The agencies involved included the California Center for Border and Regional Economic Studies (CCBRES), the Brawley Economic Development Council, the Imperial Valley Economic Corporation (IVEDC), Thomas & Associates, and IVAG.

- 2004 RTIP/Conformity. On September 10, 2004, the State approved and transmitted SCAG's RTIP as part of the 2004 Federal State Transportation Improvement Program (FSTIP) to the Federal Highway Administration (FHWA) and Federal Transit Administration (FTA). The FHWA and FTA are currently

reviewing the Caltrans transmittal. SCAG and Caltrans staff are working closely with the federal agencies to facilitate a timely review in order to help avoid a conformity lapse.

- RHNA Discussions. Staff continued to work with representatives of HCD to finalize a Settlement Agreement to finally dispose of the RHNA litigation. The Settlement Agreement is structured in accordance with the direction provided in closed session at the Regional Council's September meeting. It is anticipated that the Settlement Agreement will be completed before the October Regional Council meeting.

V. Develop Additional Planning Efforts

- Environmental Justice. SCAG is proposing to partner with the Torres-Martinez Desert Cahuilla Indians on a Caltrans Environmental Justice grant application. The purpose of the grant is to increase the participation of Native American Tribes in the regional transportation planning process. This is a pilot program and, if it is successful, SCAG will look for further funding to expand the program to other Tribes in the SCAG region.
- Tribal Nations Outreach. At the September 9, 2004 SCAG Summit with Tribal Nations SCAG staff presented a draft framework addressing in concept how both SCAG and the Tribal Governments may participate and communicate together in the regional planning process. The Tribal Government representatives at the Summit said they would meet amongst themselves and will provide a response to SCAG.
- Statewide Infill Capacity Study The Institute of Urban and Regional Studies (Professor John Landis), under the direction of Business and Transportation and Housing Secretary Sunnie McPeak, have requested that SCAG host an invitation only regional briefing session on the infill analysis conducted to date by the UC Berkeley research team. This would be focused on gaining feedback from local and subregional staff, and technical experts. They would like to hold this session between Oct. 25th and Nov. 20th.

The study appears to be laying the groundwork for a new 20 year planning approach to housing elements in which infill opportunities are quantified and local government commitments are sought by the State to produce dwelling units on this land. The fully functioning model will allow a query-able infill inventory and capacity estimate to be published on-line through the California Digital Conservation Atlas website.

- Southern California hosted the national Rail Volution 2004 Conference on September 18-22 at the Renaissance Hollywood Hotel. There were also a number of mobile workshops held in cities throughout the region, including Brea, Claremont, Fullerton, Long Beach, Los Angeles, Pasadena, and Santa Monica. SCAG staff moderated a session on Regional Approaches to Transit-Oriented Development, and Neil Richman of the Advanced Policy Institute at UCLA presented the SCAG-UCLA project on information systems for infill development, LA LOTS.

VI. Data

Planning Data/GIS

- Homeland Security. Staff has been working with UCLA to jointly sponsor a conference on homeland security. The conference is scheduled on December 7, 2004 at the UCLA Campus. Both Governor Schwarzenegger and Homeland Security Secretary Tom Ridge have been invited to speak at the conference. The conference is intended to promote dialogues among the various stakeholders to develop a cooperative regional framework regarding homeland security. It will also help to identify regional needs in data and information sharing for homeland security. The conference will facilitate the identification of SCAG's roles to assist in preparation of and responding to emergencies. Approval for the conference co-sponsorship is scheduled on the consent agenda for the October meeting of the Administration Committee and the Regional Council.
- SCAG Joins Census Bureau's Employment Dynamics Pilot Study. In conjunction with the California Employment Development Department, UCLA, United Way, and San Gabriel Valley COG, SCAG has been selected to participate in the Census Bureau's Local Employment Dynamics Pilot Study. This effort involves merging information from the state employment files with the demographic files from the Census Bureau to derive characteristics of the workforce and journey to work data. The new data developed through this pilot study will be useful for monitoring as well as future model validation efforts.

Performance Assessment and Monitoring

- Development of the 2004 State of the Region Report Card. The Benchmarks Task Force met on September 13, 2004. Staff briefed the Task Force members on the draft findings for the 2004 State of the Region Report. Members of the Task Force then discussed the development of the 2004 Report Card for issue areas including income, employment, housing, transportation, environment, education and safety. Staff is scheduled to brief the Community, Economic and Human Development (CEHD) policy committee on the draft findings of the 2004 State of the Region at its November meeting.

VII. Legislative Program

- State Legislature. Last week, Governor Schwarzenegger signed AB 2158 (Lowenthal) and AB 2348 (Mullin) regarding RHNA reform; AB 1971 (Lowenthal), the clean-up to last year's idling and queuing bill at the Ports of Los Angeles and Long Beach; and AB 2628 (Pavley) permitting some hybrid vehicles to use the HOV lanes. SCAG supported the three former bills and opposed the latter. The Governor also vetoed AB 2006 (Nunez) regarding electrical restructuring. SCAG had voted to support the measure.
- Federal Appropriations. By a 389-32 vote, Congress passed a continuing resolution (CR) on September 29th to keep the government funded until November 20th. The Senate cleared the measure, House Joint Resolution 107, by voice vote later in the day. Congress is expected to come back around November 15th for a lame-duck session, and appropriators are already amassing an omnibus appropriations bill they hope to enact. Work on pending appropriations bills will continue, however, until Congress adjourns on October 8th.

- TEA-21 Reauthorization. On September 30th, one year after the expiration of prior transportation law, Congress approved a sixth temporary extension to maintain federal transportation programs through May 31, 2005. The extension signals the likely collapse of a multi-year reauthorization effort before adjournment of the 108th Congress. Although the eight-month extension is longer in length than previous stopgaps, transportation authorizers insist that they are not going to quit their attempt to complete a full authorization bill.

Due to a disagreement between House and Senate leaders, the extension does not include a provision to allow Congress to distribute FY04 demonstration project money. Rather, it permits DOT to distribute the funds to help states meet their minimum guarantee of 90.5 percent. It sets highways obligation limitations at \$35.4 billion and transit levels at \$7.3 billion.

- Washington Advocacy. On September 29th, Regional Councilmember Bev Perry and I participated in meetings with House Appropriations Chairman Ernest Istook and Senator Diane Feinstein in Washington, DC. Specifically we discussed our conformity issues and financial needs. Our needs for new start money for the East LA Line and the Centerline project.

In our meeting with Senator Feinstein she asked for a letter from Lockheed Martin stating its commitment to the California Project. I will follow up with Lockheed officials. She also expects the support and commitment of our partners in the JPA. To answer these questions and others that arise, I plan to brief Senator Feinstein and her staff on Maglev on at least a quarterly basis.

I also spoke with Senator Feinstein about the problem of ethanol tax rates. California recently completed its conversion from fuel blended with MTBE to an ethanol blend. Ethanol, however, is taxed by the federal government at a lower rate (13.2 cents) compared to fuel with no ethanol content (18.4 cents). As a result, California will receive less in federal reimbursements—nearly \$600 million less in FY 2005-06, and about \$700 million less annually thereafter. Senator Feinstein indicated she plans to work with Senator Tom Harkin of Indiana (D) to introduce language in the omnibus appropriations to address the issue.